

## MEMORANDUM



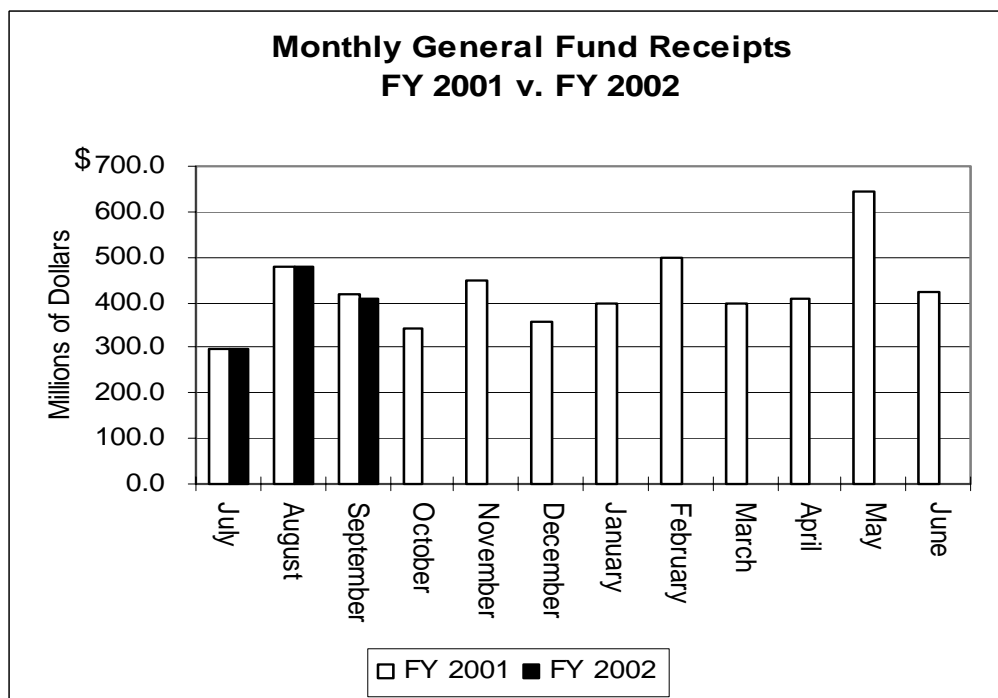
TO: Members of the Iowa Senate and  
Members of the Iowa House of Representatives

FROM: Dennis C. Prouty

DATE: October 1, 2001

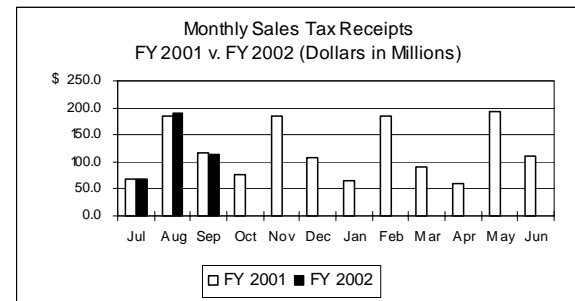
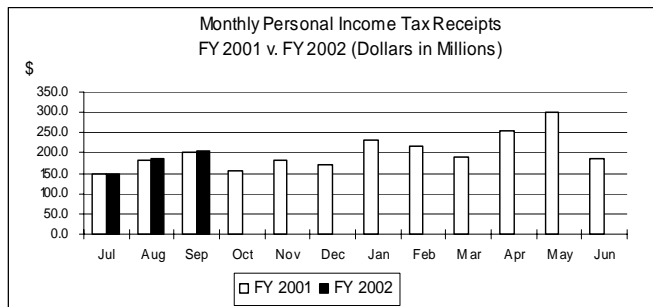
### Monthly General Fund Receipts through September 30, 2001

The attached spreadsheet represents total FY 2002 estimated General Fund receipts, with comparable figures for actual FY 2001. These can be compared to the FY 2002 estimate (\$5.347 billion) set by the Revenue Estimating Conference (REC) on July 30, 2001. The estimate represents an increase of \$232.6 million (4.5%) compared to actual FY 2001. The next REC meeting is October 11.



## FY 2002 Compared to FY 2001

Year-to-date FY 2002 revenue decreased by \$15.6 million (1.3%) compared to FY 2001. This is below the REC estimate of 4.5% for FY 2002.



**Gross personal income tax** revenues received in September totaled \$204.5 million, an increase of \$2.0 million (1.0%) compared to September 2000.

The REC FY 2002 income tax estimate of \$2.560 billion represents a projected increase of 5.5% compared to actual FY 2001. The actual year-to-date growth in personal income tax is currently 0.8%.

The State tracks personal income tax in three sub-categories:

Withholding receipts in September increased 5.5% compared to September 2000.

Estimated tax payments in September decreased 13.6% compared to September 2000.

Tax payments with returns in September decreased 10.9% compared to September 2000. The majority of these revenues are collected when taxpayers file annual personal income tax returns and are received during the mid-March to April 30 filing period.

The Chart above compares monthly personal income tax receipts for FY 2001 with FY 2002.

**Gross sales tax** revenues received in September totaled \$113.7 million, a decrease of \$3.6 million (3.1%) compared to September 2000.

The REC estimate for FY 2002 sales tax receipts is \$1.513 billion, which represents an increase of 4.9% compared to actual FY 2001.

The Chart above compares monthly sales tax receipts for FY 2001 with FY 2002.

**Corporate income tax** receipts in September were \$27.5 million, a decrease of \$3.4 million (11.0%) compared to September 2000.

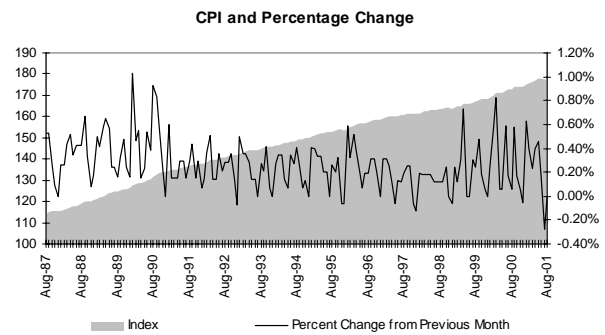
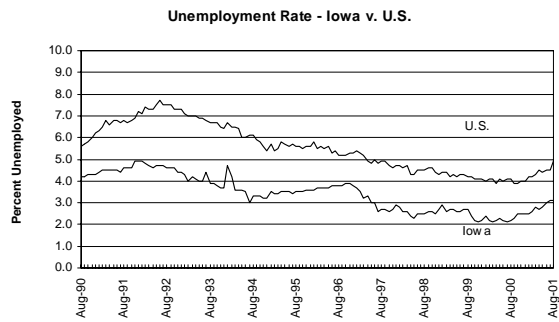
The REC projected FY 2002 corporate income tax receipts at \$275.7 million, a decrease of 3.2% compared to actual FY 2001. The actual FY 2001 decrease was 12.6%.

## Status of the Economy

The seasonally adjusted percent unemployed for the State in August remained unchanged from the July level of 3.1%. The unemployment rate a year ago was 2.6%. Iowa's total adjusted July employment registered at 1,547,500, up 28,100 from last year's level of 1,519,400. The number of unemployed persons in Iowa stood at 49,300 in August, which is up 9,000 compared to last year's level of 40,300. The U.S. unemployment rate rose sharply to 4.9% for August, up from the August 2000 rate of 4.1%. Nationally, this is the highest unemployment rate experienced since September 1997.

Consumer prices remained unchanged in August from the July level. The Consumer Price Index (CPI-U) through August 2001 was 177.5 (1983=100), which is 2.8% higher than one year ago.

The following series illustrate U.S. and Iowa unemployment comparisons and the CPI through July 2001.



Information related to State General Fund receipts is available electronically through the Fiscal Bureau's Electronic Publishing of Information System (EPI). If you have questions regarding this service, you may contact Glen Dickinson (515-281-4616).

GENERAL FUND RECEIPTS - FY 2001 vs. FY 2002 July 1 through September 30, in millions of dollars Dollars may not add due to rounding					ESTIMATED GENERAL FUND RECEIPTS in millions of dollars FY 01 Actual Compared to FY 02 REC Estimate		
	FY 2001	FY 2002	Year to Date % CHANGE	September % CHANGE	Actual FY 2001	Estimate FY 2002	% CHANGE
Personal Income Tax	\$ 533.3	\$ 537.8	0.8%	1.0%	\$ 2,426.6	\$ 2,560.2	5.5%
Sales Tax	369.1	373.9	1.3%	-3.1%	1,441.7	1,512.9	4.9%
Use Tax	60.4	56.9	-5.8%	-8.9%	249.4	259.1	3.9%
Corporate Income Tax	58.5	49.2	-15.9%	-11.0%	284.8	275.7	-3.2%
Inheritance Tax	24.5	27.8	13.5%	-6.6%	104.6	111.9	7.0%
Insurance Premium Tax	0.4	-0.2	-150.0%	-200.0%	126.6	132.9	5.0%
Cigarette Tax	22.5	22.9	1.8%	-1.5%	89.6	87.2	-2.7%
Tobacco Tax	1.7	1.9	11.8%	40.0%	6.7	6.6	-1.5%
Beer Tax	3.9	4.0	2.6%	7.7%	13.6	13.7	0.7%
Franchise Tax	8.0	7.2	-10.0%	-25.0%	31.2	32.1	2.9%
Miscellaneous Tax	0.9	1.5	66.7%	-79.5%	1.3	1.3	0.0%
Total Special Taxes	\$ 1,083.2	\$ 1,082.9	0.0%	-1.3%	\$ 4,776.1	\$ 4,993.6	4.6%
Institutional Payments	12.4	12.7	2.4%	29.4%	47.2	48.9	3.6%
Liquor Transfers:							
Profits	6.5	7.5	15.4%	0.0%	37.5	37.0	-1.3%
7% Gross Revenue	2.3	2.3	0.0%	0.0%	9.0	9.0	0.0%
Interest	3.4	0.2	-94.1%	-78.9%	18.2	40.1	120.3%
Fees	18.2	13.3	-26.9%	-21.4%	72.5	70.6	-2.6%
Judicial Revenue	7.6	7.1	-6.6%	0.0%	48.8	51.6	5.7%
Miscellaneous Receipts	22.1	12.1	-45.2%	-52.2%	45.2	36.3	-19.7%
Racing and Gaming Receipts	42.2	44.2	4.7%	-15.3%	60.0	60.0	0.0%
TOTAL RECEIPTS	\$ 1,197.9	\$ 1,182.3	-1.3%	-3.1%	\$ 5,114.5	\$ 5,347.1	4.5%